

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance
(JC-Fi)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR_RCP_pt01a
- 97hrAC-EdR_RCP_pt01b
- 97hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤

➤ Clearinghouse Rules ... CRule

➤

➤ Committee Hearings ... CH

➤

➤ Committee Reports ... CR

➤

➤ Executive Sessions ... ES

➤

➤ Hearing Records ... HR

➤

➤ Miscellaneous ... Misc

➤ 97hr_JC-Fi_Misc_pt03n_pt01_DPR

➤ Record of Comm. Proceedings ... RCP

➤

Joint Finance

16.505/16.515

14 Day Passive
Reviews

12/23/96 to

2/18/97

WCC/PSC/DOA/Commerce
12/23/90

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

100 North Hamilton
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
BEN BRANCEL

119 Martin Luther King Blvd.
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-7746

JOINT COMMITTEE ON FINANCE

December 20, 1996

Mr. Mark D. Bugher, Secretary
Department of Administration
101 E. Wilson Street, 10th Floor
Madison, WI 53703

Dear Secretary Bugher:

On November 29, 1996, former Secretary Klauser submitted to the Joint Committee on Finance, for its approval under ss.16.505/515, the following recommendations for 1996-97: (1) authorization of 1.0 PR project position for administrative support for the Wisconsin Conservation Corps; (2) increased expenditure authority of \$40,500 PR for a telecommunications consumer education program in the Public Service Commission; (3) increased expenditure authority of \$257,800 PR (funded from the Information Technology Investment Fund) for small agency information technology support activities in the Department of Administration; and (4) authorization of 2.3 permanent and 3.0 project PR positions for job and business development programs for persons with severe disabilities in the Department of Commerce. On December 17, 1996, we sent you a letter regarding the request item for increased expenditure authority for the Department of Administration.

In this letter, we are providing the Committee's decisions with regard to the remaining three items included in the November 29, 1996, 16.505/515 request to the Committee. The Committee takes the following actions with regard to those requests:

Wisconsin Conservation Corps and Department of Commerce. The Committee approves the authorization of the requested additional positions for the Wisconsin Conservation Corps and the Department of Commerce as submitted.

Mr. Mark D. Bugher, Secretary

December 20, 1996

Page 2

Public Service Commission. With respect to the Public Service Commission's request for increased expenditure authority of \$40,500 PR in 1996-97 to support the development of educational materials for telecommunications consumers, the indicated revenue source for these consumer activities is a payment ordered under a consent judgment between the State of Wisconsin and National Accounts, Inc., a telecommunications reseller. It is our understanding that under the terms of the court's decree, the state will actually receive the funds awarded under the judgment in four separate installments over a two-year period between October 22, 1996, and September 15, 1998. During the 1996-97 fiscal year, the payment schedule in the consent judgment will result in only \$20,000 PR of additional revenues actually being made available for expenditure by the Commission.

The Committee approves the Commission's request for increased expenditure authority at the reduced level of \$20,000 PR in 1996-97 to reflect the actual revenues which will become available during the fiscal year under the court's order. If the parties are subsequently able to agree to an accelerated payment schedule in order to receive the entire stipulated amount in 1996-97, the Committee will consider a supplemental s. 16.515 request at that time.

Unless you notify us by December 27, 1996, that you wish us to schedule a meeting of the Committee to consider the original request for the Public Service Commission, we will consider the Commission's request as approved with the above stated modification.

Sincerely,



BRIAN BURKE
Senate Chair



BEN BRANCEL
Assembly Chair

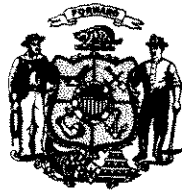
BB/BB/jc

cc: Members, Joint Committee on Finance
Linda Nelson, DOA

STATE OF WISCONSIN

**SENATE CHAIR
BRIAN BURKE**

100 North Hamilton
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



**ASSEMBLY CHAIR
BEN BRANCEL**

119 Martin Luther King Blvd.
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-7746

JOINT COMMITTEE ON FINANCE

December 17, 1996

Mr. Mark D. Bugher, Secretary
Department of Administration
101 E. Wilson Street, 10th Floor
Madison, WI 53703

Dear Secretary Bugher:

On November 29, 1996, former Secretary Klauser submitted to the Joint Committee on Finance, for its approval under ss.16.505/515, the following recommendations for 1996-97: (1) authorization of 1.0 PR project position for administrative support for the Wisconsin Conservation Corps; (2) increased expenditure authority of \$40,500 PR for a telecommunications consumer education program in the Public Service Commission; (3) increased expenditure authority of \$257,800 PR (funded from the Information Technology Investment Fund) for small agency information technology support activities in the Department of Administration; and (4) authorization of 2.3 permanent and 3.0 project PR positions for job and business development programs for persons with severe disabilities in the Department of Commerce.

With respect to the Department of Administration's request for increased expenditure authority of \$257,800 PR in 1996-97 for small agency information technology support, the Joint Committee on Finance on December 16, 1996, directed that an additional \$110,800 from the Information Technology Investment Fund be provided to the Department of Health and Family Services for the purchase of computers at the State Centers and Mental Health Institutes.

The Committee approves the DOA small agency information technology support request with the addition of increased expenditure authority of \$110,800 PR in the Department of Health and Family Services' appropriation s. 20.435(8)(ka) to purchase computers for the State Centers and Mental Health Institutes.

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

100 North Hamilton
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
BEN BRANCEL

119 Martin Luther King Blvd.
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-7746

JOINT COMMITTEE ON FINANCE

MEMORANDUM

TO: Members
Joint Committee on Finance

FROM: Representative Ben Brancel
Senator Brian Burke
Co-Chairs, Joint Committee on Finance

DATE: December 3, 1996

RE: 16.515/16.505 Requests

Attached are copies of requests from the Wisconsin Conservation Corps, the Public Service Commission, the Department of Administration, and the Department of Commerce. As stated in s. 16.515 stats, the Joint Committee on Finance has fourteen working days to review these requests. Please contact **Representative Brancel or Senator Burke** no later than Friday, **December 20, 1996** if you have any questions about these requests or would like the Committee to meet formally to review any of them. If no objections are heard by that date, the requests will be approved.

Also, please contact us if you need further information.

BB:BB:al

CORRESPONDENCE MEMORANDUM**STATE OF WISCONSIN**
Department of Administration**Date:** November 29, 1996**To:** The Honorable Brian Burke, Co-Chair
Joint Committee on FinanceThe Honorable Ben Brancel, Co-Chair
Joint Committee on Finance**From:** James R. Klauser, Secretary
Department of Administration**Subject:** S. 16.515/16.505(2) Requests

Enclosed are requests which have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>1995-96</u> <u>AMOUNT</u>	<u>FTE</u>	<u>1996-97</u> <u>AMOUNT</u>	<u>FTE</u>
WCC 20.445(6)(kb)	Administrative Support; Service Funds				1.00*
PSC 20.155(1)(g)	Utility Regulation			\$40,500	
DOA 20.505(1)(kn)	Multi-Agency Information Technology Development Projects; SASI			\$257,800	
COMMERCE 20.143(1)(k)	Sale of Materials or Services				2.30
COMMERCE 20.143(1)(k)	Sale of Materials or Services				3.00*

*Project Positions

As provided in s. 16.515, this request will be approved on December 20, 1996, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about this request.


Please contact Linda Nelson at 266-3330, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

CORRESPONDENCE MEMORANDUM**STATE OF WISCONSIN
Department of Administration**

Date: November 25, 1996

To: James R. Klauser, Secretary
Department of Administration

From: Kirsten M. Grinde 
Policy and Budget Analyst

Subject: Request under s. 16.505 from the Wisconsin Conservation Corps for an Administrative Assistant Position

Request

The Wisconsin Conservation Corps (WCC) requests a 1.0 FTE PR-S two-year project position under s. 20.445 (6)(kb) (administrative support -- service funds) for technical support of a contract with the Department of Workforce Development, Division of Economic Support under s. 16.505.

The appropriation is a continuing, all moneys received appropriation, and therefore, any necessary expenditure authority modifications can be approved through the allotment process.

Revenue Source for Appropriation

This position will be funded by revenue received by WCC under contract with the Division of Economic Support.

Background

The requested 1.0 FTE project position is an Administrative Assistant 3. The position will coordinate activities between Department of Workforce Development (DWD) administrative entities and WCC field worksites under a contract between the Division of Economic Support in DWD and WCC.

Under the Wisconsin Works (W-2) program, the Division of Economic Support (DES) is working to help individuals currently receiving public assistance become self-sufficient and employable. To achieve this goal, DES is offering such individuals assistance in locating employment or job training opportunities. WCC is one of the job training programs that DES has contacted to provide job training to eligible W-2 participants.

Created in 1983, the WCC provides job training opportunities to unemployed young adults between the ages of 18 and 25. These corps enrollees are organized into crews that complete conservation and community development projects within Wisconsin. Each crew is assigned to a year-long project that is sponsored by a unit of government or a non-profit organization.

Project sponsors are responsible for providing work activities that will last for a year and will have long-term conservation or community benefits. Projects should also include a diversity of labor-intensive work activities that will enhance and improve the corps enrollees' job skills. Corps enrollees cannot perform maintenance activities or replace permanent or temporarily laid-off employees.

Project sponsors also provide equipment, supplies, tools, vehicles and project-related skills training. WCC is responsible for basic safety equipment (e.g., hard hat, work gloves), corps enrollees' wages and benefits, and, at the successful completion of one year of service, the corps enrollee's choice of a tuition voucher that is roughly equal to one year's tuition at a state college or a \$500 cash bonus. A prorated voucher or cash bonus may be provided to corps enrollees who leave after completion of at least 6 months of service and who are leaving to take employment or to go to school. WCC provides trained crew leaders who supervise the daily work of the corps members.

Analysis

Attached to DWD for administrative purposes, WCC currently consists of 9.0 FTE permanent positions, 1.0 FTE project position, and 1.0 FTE unclassified position. These positions manage the crews located throughout the state and provide administrative support for the Wisconsin Conservation Corps Board.

The requested position would be responsible for managing and coordinating activities under a contract between WCC and the Division of Economic Support in DWD. Under the contract, WCC will promote employment of and provide at least 50 enrollee positions for W-2 participants who are determined to be eligible for WCC enrollment. In return, the Division of Economic Support (DES) will provide wage subsidies, W-2 participant benefits (e.g., child care), funding for 1.0 FTE project position, and training for DES and WCC staff in the practices and procedures necessary for compliance with the contract.

Although the enrollee positions provided by WCC are existing positions, the additional workload of coordinating JOBS and WCC activities and ensuring compliance with W-2 reporting requirements justifies the addition of a project position for the duration of the contract period. The requested position would develop and implement, subject to WCC Board approval, policies necessary for success of the joint program, compile and submit required reports and invoices, and collect and analyze data on the effectiveness of the program. The position would also assist WCC field staff in notifying JOBS agencies of available enrollee positions, resolve disputes between WCC field staff and JOBS agency staff, visit WCC field worksites, and serve as a liaison between WCC, federal and state agencies, and the public on contract-related issues.

The current contract runs from July 1, 1996, to December 31, 1997. Depending on the success of the joint program, the contract could be extended for another year, until December 31, 1998. WCC requests a two-year position to attract better qualified candidates and to remove the need to go through the hiring process a second time if the contract is renewed.

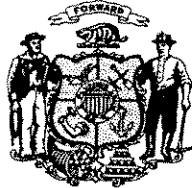
However, renewal of the contract is uncertain at this time. The joint program is designed to be a pilot project with renewal of the contract depending on the success of the placement and employment development of W-2 participants. Another factor which may determine the continuation of the contract is the structure of the federal block grant providing funds for the W-2 program. Under these circumstances, a one-year project position is more appropriate than a two-year position. Renewal of the contract should be decided by early November 1997, which provides enough time for an extension of the project position to be granted and should allow WCC to retain the incumbent employee if WCC so chooses.

Recommendation

Approve the requested 1.0 FTE project position, effective through December 31, 1997, for management of the contract between the Wisconsin Conservation Corps and the Division of Economic Support, under s. 20.445 (6)(kb) (administrative support -- service funds).

Tommy G. Thompson
Governor

Richard C. Wegner
Acting Secretary

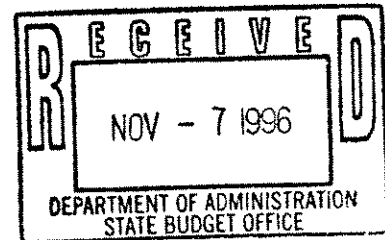


OFFICE OF THE SECRETARY
201 East Washington Avenue
P.O. Box 7946
Madison, WI 53707-7946
Telephone: (608) 266-7552
FAX: (608) 266-1784

State of Wisconsin
Department of Workforce Development

November 1, 1996

Kristen Grinde
DOA Budget
Tenth Floor
101 East Wilson Street
Madison, Wisconsin 53702



Dear Ms. Grinde:

Subject: 16.505/16.515 Request for WCC - DES Contract in Appropriation 630, WO, kb

The Wisconsin Conservation Corps (WCC) and Division of Economic Support have signed a contract that will provide W2 program participants access to 50 existing WCC worksite slots for employability skills training. Providing training for W2 participants is a critical element in helping these individuals to grow from a position of lacking employability skills and potentially being dependent on others for survival to a position of being self-sufficient and employable. This contract is essentially a pilot effort. If successful, it is probable that this contract will be continued in future years.

WCC does not have experienced staff that can provide promotion, coordination, oversight and monitoring of contract service delivery to W2 participants. This contract contains annual expenditure provisions for a 1.00 FTE Administrative Assistant 3 project position at \$63,000 to provide contract management services under the direction of the WCC Administrator. The administrative portion of this contract is in WCC appropriation 630 since it is a contract with another state agency. Attached is the necessary documentation requesting approval for 1.00 FTE of position authority and \$63,000 of expenditure authority in appropriation 630 to meet the terms of this contract.

If approved, this request will increase the project position and expenditure authority in Appropriation 630 by 1.00 FTE and \$63,000 respectively.

Please feel free to call Mary Jo Domenichetti (266-6962) for any additional information you may need.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robin Gates".

Robin Gates
Acting Deputy Secretary

**DEPARTMENT OF WORKFORCE DEVELOPMENT
WISCONSIN CONSERVATION CORPS**

**REQUEST FOR PROJECT POSITION FUNDING UNDER 16.505
AND EXPENDITURE AUTHORITY UNDER 16.515**

REQUEST

The Wisconsin Conservation Corps requests one (1.00 FTE) Administrative Assistant 3 Project Position and \$63,000 of associated expenditure authority for in Appropriation 630 s.20.445 (6) (kb) for the period of December 1, 1996 through December 31, 1998.

BACKGROUND/PURPOSE

The Wisconsin Conservation Corps (WCC) has entered into a contract with the Division of Economic Support to provide full time employment to JOBS (Job Opportunity and Basic Skills) and FSET (Food Stamp Employment and Training) participants on local WCC crews for the period through December 31, 1997.

It is expected that this contract will provide services to W-2 participants as this program is implemented as a replacement for the JOBS program. Depending on the success of the program the contract is expected to be renewed for an additional twelve (12) months on December 31, 1998.

This contract includes funding for one Administrative Assistant 3 position (1.00 FTE) in WCC to manage and coordinate activities between statewide JOB administrative entities and the WCC field worksites.

WCC does not currently have position authority for this position and requests an increase of one project position. In addition, WCC requests an increase of \$63,000 in expenditure authority for the administrative component of this contract.

CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: November 11, 1996

To: James R. Klauser, Secretary
Department of Administration

From: Michelle New *mnw*
State Budget Office

Subject: Request under s. 16.515 from the Public Service Commission for telecommunication consumer education programs.

REQUEST:

The Public Service Commission (PSC) requests an increase in expenditure authority of \$40,500 in order to spend revenues received for consumer education in the telecommunications industry.

REVENUE SOURCES FOR APPROPRIATION(S):

This request would be funded by an award granted to the Department of Justice (DOJ). Funds would be expended through s. 20.155 (1)(g), Utility Regulation.

BACKGROUND:

The State of Wisconsin has entered into a consent judgment with National Accounts, Inc., (a telecommunications provider) of Parsippany, New Jersey. Under that judgment, National Accounts Inc. has paid the state of Wisconsin \$45,000 as reimbursement for investigative costs and attorney fees expended by DOJ in connection with the case and/or for use in conducting consumer education activities.

The Department of Justice has determined their costs and expenses to be \$4,500. DOJ recommends that the remaining \$40,500 be allocated to the PSC to help fund ongoing telecommunications consumer education programs within the agency.

ANALYSIS:

The PSC proposes to use this money to develop informational materials for consumers. Decisions on these educational materials will involve consultations with the Assistant Attorney General (designated by DOJ as its telecommunications advocate), the Department of Agriculture, Trade, and Consumer Protection, and public consumer advocacy groups.

The PSC is currently involved with several consumer education programs which address both existing and emerging telecommunications technologies. As services change in an increasingly deregulated market, the PSC will continue to disseminate new information to consumers.

RECOMMENDATION:

Approve the request. The PSC is involved with several ongoing consumer education activities which will benefit from this additional funding. Use of the funds by the PSC will conform to the directives as outlined in the consent judgment with National Accounts Inc. Finally, the PSC has voluntarily agreed to consult other agencies in their decision making process which will ensure the most effective use of the funds.



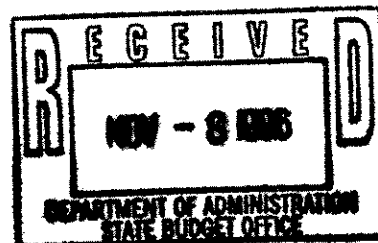
Public Service Commission of Wisconsin

Cheryl L. Parrino, Chairman
Daniel J. Eastman, Commissioner
Joseph P. Mettner, Commissioner

Jacqueline K. Reynolds, Executive Assistant
Lynda L. Dorr, Secretary to the Commission
Steven M. Schur, Chief Counsel

November 8, 1996

James R. Klauser, Secretary
Department of Administration
101 East Wilson Street
Madison, WI 53703



Re: S. 16.515, Wis. Stats. Request to Provide the Commission with \$40,500 in Increased Chapter 20 Expenditure Authority in Order to Spend Revenue Received for Consumer Education in the Telecommunications Industry

Dear Secretary Klauser:

The State of Wisconsin recently entered into a consent judgment with a telecommunications provider, National Accounts, Inc., of Parsippany, New Jersey. Under the terms of that judgment, National Accounts agreed to pay this state the sum of \$45,000 as reimbursement for investigative costs and attorney fees incurred by the Department of Justice in connection with this matter and/or to conduct consumer education activities. The Department of Justice has calculated its costs and expenses to be \$4,500. Justice has recommended that the remaining \$40,500 be allocated to this Commission to fund, in part, this Commission's ongoing consumer education program on telecommunications services.

The telecommunications industry in this country is undergoing substantial structural changes. In the past, this industry was regulated as a monopoly. In the future, multiple telecommunications providers will offer a variety of competing local and long distance telecommunications services.

Several years ago, this agency recognized that, with these changes, a substantial effort was required to inform and educate the consuming public regarding existing and emerging telecommunications services and technologies. This effort has become more urgent this year because of decisions at both the state and federal level permitting new entrants into telecommunications markets in Wisconsin:

1. This Commission has directed the major telecommunications utilities in this state to implement intraLATA equal access and interconnect competing intraLATA carriers. Ameritech and PTI Communications have completed implementation in their local exchanges. GTE will complete implementation by the end of this year. As a result,

James R. Klauser, Secretary
Department of Administration
Page 2

subscribers will be able to select a carrier on a competitive basis for both interLATA and intraLATA long distance services.

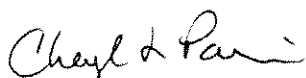
2. This Commission is currently engaged in arbitrating a series of interconnection agreements between two incumbent local carriers, Ameritech and GTE, and several providers applying to offer competing local telecommunications service in Ameritech and GTE local exchanges. These interconnection agreements are expected to be in place in most exchanges early next year.

These changes in the structure of the telecommunications market promise to provide customers a lower-priced, feature-rich, telephone service. However, these changes mean very little if customers are unaware of their existence or significance. Also, it is true that increased competition permits a variety of providers to enter the market, some with less commitment to high quality of service and fair pricing and billing policies than has been the case with a monopoly provider. As a result, there is an urgent need for a program to provide consumers information about this competitive telecommunications marketplace.

If this request for additional spending authority is approved, the Commission proposes to use the money to develop informational materials for consumers. We intend our work in this regard to involve the Assistant Attorney General, designated by the Wisconsin Department of Justice as its Telecommunications Advocate, the consumer protection staff of the Department of Agriculture, Trade and Consumer Protection, and public consumer advocacy groups.

This supplemental spending authority will not be sufficient in and of itself to distribute a brochure, bill insert, or other printed material to all subscribers. But approval of this request will permit this agency to quickly prepare instructional materials and investigate the available means for distribution and meet the intent of the court judgement. The Commission will then work with the industry, other Wisconsin agencies, various media outlets, public interest groups, and interested members of the public to disseminate accurate and timely information about the state of telecommunications services.

Sincerely,



Cheryl L. Parrino
Chairman

CLP:GOG:h:\das\fiscal\doj

cc: Michelle New, DOA
Tony Mason, LFB
Scot Cullen, TEL
Georgia Mulcahy, DAS

CORRESPONDENCE\MEMORANDUM

**STATE OF WISCONSIN
Department of Administration**

Date: November 26, 1996

To: James R. Klauser, Secretary
Department of Administration

From: Pamela Henning, Policy and Budget Analyst *PJH*
State Budget Office

Subject: Request under s. 16.515 from the Department of Administration for Small Agency Support Initiative (SASI) Contract Staff

REQUEST

The Department of Administration (DOA) requests one-time authority to transfer \$257,800 SEG from s. 20.870(1)(q), the Information Technology Investment Fund (ITIF), to s. 20.505(1)(kn), Multi-Agency Information Technology Development Projects, to support five additional contract staff for the Small Agency Support Initiative (SASI).

REVENUE SOURCES FOR APPROPRIATION(S):

Revenues deposited in the ITIF appropriation under s. 20.870 (1)(q), special projects; fee revenue, are being collected from fees assessed prospective vendors doing business with the State of Wisconsin as provided for under s. 16.701 (Subscription Service) and s. 16.702 (Bidders List Registration Fee). The estimated revenue from the subscription service fee and bidders list registration fee is \$4,300,000 annually. Revenue collected from the fee as of November 22, 1996, was \$30,000 from 240 vendors since the service and fee began operation in October 28, 1996 (approximately 27,000 vendors included in the first mailing).

BACKGROUND

On July 9, 1996, the Department of Administration submitted a request under s. 16.515 related to making grant awards for information technology funding in various state agencies from the information technology investment fund (ITIF) for fiscal year 1997. On July 29, 1996, the Joint Committee on Finance (JCF) approved funding for the 1996-97 ITIF grant process with several modifications including eliminating \$442,000 for five consultants for SASI. The Legislative Fiscal Bureau (LFB) analysis for this reduction alternative indicated that funding would be provided at a lower level until actual workload associated with help desk and technical support could be determined. Thus, the agency has evaluated its actual workload and is resubmitting their request to fund the five consultants.

ANALYSIS

The SASI support staff perform many services to small agencies including installing hardware and software, trouble-shooting, on-site training in response to user questions, preparing users on basic operating instructions, designing networks, LAN administration, developing databases, hardware security, application conversions, help desk operations, and problem resolution. These services are provided through contracting with outside entities. Of the current five SASI consultants, two perform help desk functions while the remaining three

perform technical functions. The department has spent \$188,700 on SASI consultants through September, 1996.

The department indicates that the addition of funding for five consultants for SASI is necessary for the following reasons:

1. The recommended ratio for support staff to end-user (1:50) from the Gartner Group Research Service would bring SASI into a 1:52 ratio with the addition of the five consultants. SASI staff will be supporting 520 users in 24 agencies;
2. Users of SASI staff are dispersed around the state and located in 18 buildings in Madison and 9 remote locations. The geographical dispersion requires more traveling by the SASI staff to serve its users making availability a problem with the current three technical consultants;
3. Contract costs per hour for staff are highly competitive in the marketplace causing turnover in the current SASI consultants. Instead of paying hourly rates of \$45, the department has had to pay rates up to \$67 per hour. Reallocation of base resources has been necessary to meet this demand;
4. In addition to the consultants working overtime, three employees from the department's division of information technology have been devoting regular work hours and overtime hours to supplement the SASI consultants to complete the assigned tasks on schedule. As a result, the duties of the three employees including necessary computer installation for the department's own employees has been left undone; and
5. Even with the reallocation of DOA staff for SASI, installation of equipment has not begun in five SASI small agencies and no database/software conversions have taken place in any SASI agency. This leaves purchased equipment a lost investment as agencies store the equipment until SASI staff are available to make the needed installations.

The department is requesting \$257,800 SEG for FY97 from the ITIF to provide five additional technical support consultants to provide installation services, training to end-users and support services to small agencies. The department has indicated that funding for SASI will be provided in future bienniums from rates charged to individual agencies using SASI. Agencies would be required to either use base resources or request increased funding to pay for the service.

The department's request of \$257,800 represents funding for the remaining 7 months in FY97 from the original request of \$442,000 that was deleted by JCF. Total ITIF expenditures for fiscal year 1997 including new SASI consultant costs are \$3,842,763 (which includes \$585,750 of deferred funding for the new ITIF projects masterleased for five agencies). This amount is within the anticipated funding target for vendor fee revenues of \$4,300,000.

RECOMMENDATION

Approve the request as one-time funding and spending authority in 1996-97.

Attachment

Information Technology Investment Fund 1996-97 Grant Awards

<u>Agency</u>	<u>Purpose</u>	<u>FY97 Totals</u>	<u>Appropriation</u>
VendorNet	VendorNet	\$552,100	20.505(1)(kn)
Infrastructure Support Administration	Infrastructure Support Help Desk Hardware & Network Planning Consulting Services Training Services Equipment for Support Staff	182,000 260,000 155,000 43,000	20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn)
s. 16.515 Request on SASI	Five Additional Consultants	257,800	
Subtotal:		\$897,800	
Small Agency Basic Infrastructure	Adolescent Pregnancy Prevention & Services Board Arts Board Board on Aging and Long Term Care Child Abuse and Neglect Board Elections Board Employment Relations Commission Ethics Board Division of Hearings and Appeals Joint Survey Committee on Retirement Systems Lieutenant Governor Office of Justice Assistance Personnel Commission Tax Appeals Commission Wisconsin Conservation Corps Wisconsin-Minnesota Boundary Area Commission	3,728 12,780 8,662 10,018 30,750 51,006 17,083 18,247 6,603 15,911 25,993 20,384 3,621 25,283 8,591	20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn) 20.505(1)(kn)
Subtotal:		258,660	
Large Agency Basic Infrastructure	Network Expansion Basic Infrastructure - National Guard Operations Basic Infrastructure - Emergency Management	228,098 46,300 40,100	20.370(8)(mh) 20.465(1)(kn) 20.505(1)(kn)
Subtotal:		314,498	

Information Technology Investment Fund 1996-97 Grant Awards

<u>Agency</u>	<u>Purpose</u>	<u>FY97 Totals</u>	<u>Appropriation</u>
IT Development Projects Identified in Act 27			
Agriculture, Trade and Consumer Protection	Interactive Voice Response & Complaint Tracking System	56,230	20.115(8)(kt)
Commerce	Interactive Voice Response Information Desk	32,000	20.143(4)(kc)
Corrections	Scheduling Software	10,650	20.410(1)(kw)
Natural Resources	Expansion of Boat Registration System	43,100	20.370(8)(mh)
Public Instruction	Interactive Voice Response System	44,375	20.255(1)(kt)
Revenue	Milwaukee Refund System	16,000	20.566(3)(ka)
University of Wisconsin	Distance Education	400,000	20.285(1)(kc)
Subtotal:		602,355	
Other IT Projects			
Health and Family Services	Scheduling and Timekeeping	200,000	20.435(8)(ka)
Wisconsin Technical College System Board	Workstation Servers	49,000	20.292(1)(kb)
Subtotal:		249,000	
New ITIF Projects for FY97			
Corrections	Victim Identification & Notification System (VINES)	52,000	20.410(1)(kw)
Elections Board	Database Conversion to Oracle for 1996 General Elections	66,500	20.510(1)(ka)
Division of Hearings and Appeals	Consolidated Case Tracking System	100,000	20.505(1)(kb)
Employment Relations	Database Conversion from Unisys to LAN	25,300	20.512(1)(kb)
Ethics Board	Internet Web Site	17,500	20.521(1)(ka)
Subtotal:		261,300	
New ITIF Projects Masterleased for FY97			
Health and Family Services (\$500,000)	Basic Infrastructure	177,500	20.435(8)(ka)
Corrections (\$500,000)	Basic Infrastructure	177,500	20.410(1)(kw)
Revenue (\$250,000)	Basic Infrastructure	88,750	20.566(3)(ka)
Natural Resources (\$200,000)	Basic Infrastructure	71,000	20.370(8)(mh)
Commerce (\$200,000)	Basic Infrastructure	71,000	20.455(3)(ka)
Subtotal:		585,750	
ITIF Subtotal:		\$3,721,463	
Vendor Fee Administration	Separate s.13.10 request approved by JCF at September meeting	121,300	
ITIF Total:		\$3,842,763	

Information Technology Investment Fund 1996-97 Grant Awards

Agency Non-ITIF Appropriation Increases

<u>Agency</u>	<u>Purpose</u>	<u>FY97 Totals</u>	<u>Appropriation</u>
Small Agency Basic Infrastructure			
Land Information Board	Basic Infrastructure	3,000	20.505(4)(k)
Board of Commissioners of Public Lands	Basic Infrastructure	33,450	20.585(2)(hg)
Waste Facilities Siting Board	Basic Infrastructure	5,100	20.505(4)(k)
Subtotal:		<u>41,550</u>	
Large Agency Basic Infrastructure			
Military Affairs	Basic Infrastructure - Emergency Management Operations	7,600	20.465(3)(i)
Military Affairs	Basic Infrastructure - Emergency Management Operations	5,200	20.465(3)(g)
Insurance	Basic Infrastructure	121,973	20.145(1)(g)
Insurance	Basic Infrastructure	7,553	20.145(8)(hg)
Subtotal:		<u>142,326</u>	
IT Development Projects Identified in Act 27			
Military Affairs	Emergency Government Mobile Unit Backup	5,325	20.465(3)(i)
Department of Financial Institutions			
	Basic Infrastructure - General Program Operations	181,628	20.144(1)(g)
	Basic Infrastructure - Office of Commissioner of Credit Unions	19,000	20.144(2)(g)
		<u>200,628</u>	
Other IT Projects			
Public Service Commission	Electronic Report Filing	50,000	20.155(1)(g)
Non-ITIF Total:		\$439,829	

CORRESPONDENCE/MEMORANDUM

**STATE OF WISCONSIN
Department of Administration**

Date: November 12, 1996

To: Richard G Chandler
State Budget Director

From: James R Klauser
Secretary

Re: S.16.515 Request for Small Agency Support Initiative Contract Staff

Under the provisions of s.16.515 and s.16.971(5), the department requests the transfer of \$ 257,800 SEG from s.20.870(1)(q), the Information Technology Investment Fund (ITIF), to s.20.505(1)(kn), Multi-Agency Information Technology Development Projects, to support five additional contract staff for the Small Agency Support Initiative (SASI).

The department originally recommended funding ten contract staff for SASI to provide technical assistance and help desk services. However, the Joint Committee on Finance (JCF) eliminated \$ 442,000 of the request to fund only five contract staff. The Legislative Fiscal Bureau paper on the request stated: "It could be argued that a lower level of initial funding could be provided until actual workload can be determined."

The prestigious Gartner Group research service estimates that a ratio of one support staff per 50 - 80 end users is appropriate in an environment with primarily mainstream users numbering less than 1,000. SASI staff will be supporting 520 users in 24 agencies during the second half of FY97. (See the attached table.) The ten contract staff would yield a staff/user ratio of 1:52 -- close to the lower bound suggested by Gartner. The group of users being supported by SASI has unusual characteristics that justify such a ratio.

First, these users are geographically dispersed. They are located in 18 buildings in the Madison area and in 9 remote locations, ranging from Hudson to Rhinelander to Milwaukee. This geographic dispersion will require more traveling time than is typical for a support staff serving 520 users.

Second, the SASI user base is much less sophisticated than the average office user group and therefore needs a high level of reliable professional support to be available at all times. These users in small agencies have limited ability to obtain peer support compared to their counterparts in larger agencies, which often have power users in program areas who can lend assistance to other users onsite quickly and effectively.

Third, for these small agencies, either an entire infrastructure environment has to be installed or converted from the previous nonstandard environment, and all within a period of less than a year. This places a significantly greater burden on SASI staff than would normally be the case for this number of users.

The duties required of the SASI support staff are quite comprehensive in nature, including

- installation of hardware, including PCs, printers, hubs, and routers
- installation of software
- trouble-shooting and post-installation follow-up
- on-site usage training in response to user questions
- preparation of basic operating instructions for users

Richard Chandler
ITIF Request -- Small Agency Support Initiative
November 12, 1996

- problem resolution onsite specific to agency issues
- planning and designing networks
- LAN administration
- development of databases and reporting systems
- facilities management, including wiring and construction for hardware security
- conversion of applications to standard software
- help desk operations
- problem resolution
- backup

In addition to the duties related to providing support for small agencies, the contract staff will assist larger agencies that are not SASI customers in their migration to infrastructure standards:

- hardware and network planning and implementation
- planning for and providing initial training to end users
- consulting on software conversion.

Initial cost figures are now available. The amount spent on SASI contract staff thru September was \$188,700. The hourly cost (including fringes) anticipated for the contract staff was \$35 to \$45. In actuality, SASI has been paying hourly rates of up to \$67 for contract staff, due to the highly competitive market for the particular skills they need, particularly expertise in the Windows NT operating system. Turnover has already occurred in SASI due to higher compensation levels offered elsewhere. It should be noted that despite the increased cost per hour our intention is to live within the parameters set in the original request through use of base staff resources.

Evaluation of the workload requirements for SASI is now possible based on experience to date. The contract staff have had to work overtime to accomplish their tasks. Further, due to the importance of the Small Agency Support Initiative as reflected in the Legislature's creation of s. 16.971 (2)(n) in 1995 Act 27, three Info-Tech staff ordinarily assigned to other duties serving department staff have had to supplement SASI staff thru devoting part of their regular work hours as well as overtime hours to SASI-related duties.

In spite of this reallocation of staff time to the SASI project, installation of equipment has not yet begun in 5 SASI agencies, and the conversion has not been completed in any SASI agency. As the equipment has already been purchased, this inability to complete SASI tasks on schedule results in delaying the use of these investments.

Because regular Info-Tech staff have had to devote time to SASI, they have fallen behind in their regular work duties. For example, they been unable to convert some department staff to the Windows NT operating system and to computer based-faxing, while others have already migrated to them. NT is a more stable and versatile operating system than Windows 3.x. Computer faxing is a useful supplement to e-mail, as it enables e-mail messages or attachments to be faxed directly to recipients who lack computers, e-mail capability, or e-mail compatibility. Until regular Info-Tech staff can put aside SASI-related activities, staff in the department will not have access to these useful productivity tools.

Richard Chandler
ITIF Request -- Small Agency Support Initiative
November 12, 1996

Of the five SASI contractors currently hired, two are performing help desk functions and the other three are performing technical functions. However, now that SASI agencies have received funds for hardware and software, the need has become critical for the additional five technical contract staff to provide installation services, hands-on training (in addition to initial end user training), and support services after installation.

As December would be the earliest opportunity to hire the five consultants, the department is reducing the request to represent 7/12ths (58.3 %) of the \$442,000 originally requested for FY97. The granting of this request will make it possible for SASI to achieve its objective of providing the support that small agencies need to successfully migrate to state information technology standards and to get the full benefit of the technology provided to them.

cc: Mark Wahl, Division of Technology Management
Jon S. Miller, Info-Tech Services

Attachment

Prepared by: Henry X Dudek (7-0620)
Bureau of Technology Policy and Planning

AGENCIES SUPPORTED BY SASI				
Agency	# Staff	#Madison Sites	# Remote Sites	Remote Locations
Adolescent Pregnancy Prevention Brd	2	1	0	
Aging & Long-Term Care Board	17	1	5	Eau Claire Green Bay Milwaukee Rhinelander Stevens Point
Arts Board	10	1	0	
Child Abuse & Neglect Prevention Brd	4	1	0	
Elections Board	17	1	0	
Employment Relations Commission	35	1	0	
Ethics Board	7	1	0	
Financial Institutions Department	170	3	0	
Hearings & Appeals Division	36	1	1	Milwaukee
Higher Educational Aids Board	10	1	0	
Justice Assistance Office	16	1	0	
Land Information Board	3	1	0	
Lieutenant Governor	8	1	0	
Lower Wisconsin Riverways Board	2	0	1	Muscoda
Military Affairs Department	87	1	0	
Personnel Commission	10	1	0	
Public Lands Board	10	1	1	Woodruff
Retirement Research Joint Committee	3	1	0	
Secretary of State	6	1	0	
State Fair Park Board	33	0	1	West Allis
State Treasurer	20	1	0	
Tax Appeals Commission	7	1	0	
Waste Facilities Siting Board	2	1	0	
Wis-Mn Boundary Commission	5	0	1	Hudson
24 AGENCIES	520	18*	9*	

*These columns do not add up, as some of the agencies are located in the same buildings as others.

CORRESPONDENCE/MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: November 25, 1996

To: James R. Klauser
Secretary

From: Jacqueline Jugenheimer
Division of Executive Budget and Planning

Subject: Section 16.505/16.515 Request from the Department of Commerce for the Creation of 2.3 FTE Positions in the Business Development Program.

Request

The Department of Commerce (Commerce) is requesting the conversion of 2.0 FTE PRO project positions in s. 20.143 (1) (k) (Sale of Materials or Service) to permanent status and to create an additional 0.3 FTE PRO permanent position.

Revenue Sources for Appropriation s. 20.143 (1)(k):

All moneys received from the department or other agencies for providing materials and services. Specific revenues for this program are federal disability grant moneys from the Department of Workforce Development.

Background

Since April 1, 1993, the Division of Vocational Rehabilitation (DVR) has been contracting with the Department of Commerce to provide business development services to clients with severe disabilities. The funds provided by DVR have been used for 2.0 FTE project positions and venture development and financing grants. DVR uses federal Title I-B (basic rehabilitation services) funds for this Self Employment Services Program. The positions include a 1.0 FTE Administrative Assistant 5, 0.70 FTE Program Assistant 2 and 0.30 FTE Publications Editor 2. Under the program, Commerce staff work with DVR on the rehabilitation of disabled individuals through the development of self-employment and small business entrepreneurial opportunities. Services provided include the following:

- Review and assessment of a client's entrepreneurial potential.
- Provision of technical assistance and training in the development of a business plan.
- Professional review and critique of business plans.
- Funding of essential start-up services and other expenses.
- Expert follow-up services.

In addition, Commerce has developed a Business Development Program Handbook and a Business Development Quarterly Newsletter.

Under the program, Commerce is required to provide a 21.3% state (GPR) match or \$64,100 GPR in FY 97, which consists of \$25,000 of Business Development Initiative funds, \$34,100 associated with elements of two positions dedicated to the program and \$5,000 in direct support funding. For the period September 30, 1996 until September 29, 1997, DVR will provide \$131,700 PR-S to support the positions and \$105,000 PR-S for grants. The 2.0 FTE project positions were initially granted for one year and were extended for an additional year. The positions will reach the four year limit on March 30, 1997. Therefore, the

department is requesting a conversion to permanent status. Since DVR has transferred additional financial duties to the department, the 0.7 FTE Program Assistant 2 position is requested to be increased and reclassified to a 1.0 FTE Program Assistant 4 position. Although federal funding is guaranteed only until September 29, 1997, it is likely that funding will be available thereafter.

Analysis

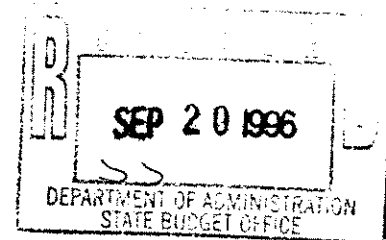
DWD/DVR is cooperating with Commerce in providing individuals with severe disabilities with the opportunity to start or expand for-profit businesses. The positions and grants are funded by a federal match at a rate of \$1.00 of state funding for \$3.69 of federal funding. Since this program supports a group of individuals that frequently have difficulties operating in traditional business environments, self-employment is often more desirable.

Under 1995 Wisconsin Act 27, Commerce lost 4.55 FTE positions in FY 96 and 3.55 FTE positions in FY 97, but assumed responsibility for Dairy 2020 and the administration of enterprise development zones without a net increase in staff. Therefore, the department cannot absorb the workload related to the self-employment project without the 2.0 FTE project positions.

Recommendation


Approve the request. This request will help maintain a successful program for individuals with severe disabilities.

MEMORANDUM



DATE: September 18, 1996

TO: James R. Klauser, Secretary
Department of Administration

FROM: William J. McCoshen, Secretary
Department of Commerce 

SUBJECT: 16.505/16.515 REQUEST FOR SELF EMPLOYMENT PROGRAM

Request

The Department of Commerce requests authorization for 2.3 permanent FTE positions. The positions are funded through a contract with the Department of Workforce Development, Division of Vocational Rehabilitation (DVR) for activities in the Self Employment Program (SEP). The positions will be created in the program revenue service appropriation 121 [s. 20.143 (1) (k)]. The classifications of the positions are: one FTE Administrative Assistant 5, one FTE Program Assistant 4 and one .30 FTE Publications Editor 2. The contract also provides \$105,000 for business development venture financing grants to individuals. The Department is requesting spending authorization for these funds through appropriation 123, s. 20.143 (1) (kb)--sale of materials or services; individuals and organizations

The need to make the SEP positions permanent is due to the fact that the positions have been funded as project positions and the four-year maximum on these project positions extends only through March 30, 1997. The Department has received a new contract from the Division of Vocational Rehabilitation for the SEP program for the period from October 1, 1996 through September 30, 1997. It is likely the Department will continue to receive annual contracts for this program in the future. This assumes federal funds will continue to be available to DVR for purposes such as this program.

Revenue Source

The revenue source for appropriation 121 is s. 20.143 (1) (k), Stats.--sale of materials or services. The revenue source for appropriation 123 is s. 20.143 (1) (kb), Stats.--sale of materials or services, individuals and organizations. The revenue source for this request is a contract for services with the DVR, in the amount of \$236,688, for the period from October 1, 1996 through September 30, 1997.

Background

In 1993, the Department was awarded a contract from the DVR for the purposes of administering a Self Employment Program for severely-disabled clients. This was a one-year contract, which has been renewed annually. The Department has received notification that the contract will again be extended for the period from October 1, 1996 through December 31, 1997 (see attached letter). The Department's Bureau of Minority Business has been administering the grant and fulfilling the terms of the contract.

The previous contracts with the DVR provided for 2.0 FTE project positions, which were authorized as 1 FTE Administrative Assistant 5, .70 FTE Program Assistant 2, and .30 Publications Editor 2. The new contract provides for 2.3 FTE positions, which includes 1.0 FTE Administrative Assistant 5, 1 FTE Program Assistant 4 and a .30 Publications Editor 2.

The new contract extends beyond the expiration date of the current project positions. It is also very likely the Department will continue receiving annual contracts from DVR because the program is helping fulfill its mission of assisting DVR clients to become employed and able to effectively maintain employment.

In order to fulfill the Department's obligations to DVR, we are requesting the 2.3 FTE positions become permanent positions. The establishment of permanent positions will provide for continuity in administering the program.

The staff will perform the following responsibilities:

1. Conduct interviews and client assessments;
2. Conduct client evaluations;
3. Conduct a professional review and critique of business plans;
4. Provide consultation in financial packaging, business start-up and follow-along technical assistance;
5. Administer the venture development and financing grants;
6. Identify and coordinate appropriate business consulting services for the clients;
7. Publish a quarterly newsletter; and
8. Maintain policies and procedures for the program.

Funding Availability

The Department of Commerce will fund the 2.3 FTE positions with program revenue services funds generated through a contract with the Division of Vocational Rehabilitation. The contract budget provides for \$236,688 per year to be allocated as follows:

Page 3
September 18, 1996

Salary	\$ 61,360
Fringe	20,801
Supplies/Services	31,394
Grant Program	105,000
Adminis. Overhead	<u>18,133</u>
TOTAL	\$236,688

Enclosures: Previous Year Contract
Budget for October 1, 1996 - September 30, 1997
Letter from DVR Extending the Contract
Letter from DVR Regarding Future Renewals

cc: Bob Wynn
Jacky Jugenheimer
Jill Thomas
Louie Rech

ATTACHMENT 1DVR-COMMERCE MEMORANDUM OF AGREEMENT FOR BUSINESS DEVELOPMENT
PROGRAMS FOR SEVERELY-DISABLED CLIENTS

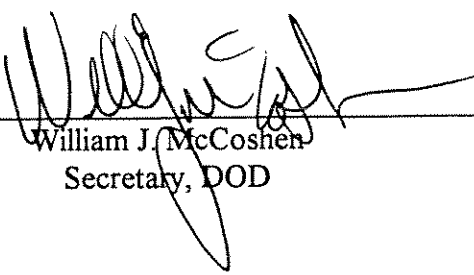
<u>ITEM</u> <u>#</u>	<u>ITEM</u>	<u>COMMERCE</u> <u>GPR</u> <u>MATCH</u>	<u>FEDERAL</u> <u>L-B</u>	<u>TOTAL</u>
1.	COMMERCE PERSONNEL COSTS			
	SALARY:	\$23,048	\$61,360	\$84,408
	FRINGE:	7,813	20,801	28,614
2.	Supplies and Services	3,862	31,394	35,256
3a.	Commerce venture development grant and equity financing	25,000		25,000
3b.	Business Development venture development and financing grants		105,000	105,000
4a.	Commerce indirect	4,336		4,336
4b.	Business development indirect	-----	18,133	18,133
			-----	-----
TOTAL:		\$64,059	\$236,688	\$300,747

**DVR-DOD MEMORANDUM OF AGREEMENT
FOR BUSINESS DEVELOPMENT PROGRAMS
FOR SEVERELY-DISABLED CLIENTS**

The following memorandum of agreement for business development programs for severely-disabled clients between the Department of Health and Social Services, Division of Vocational Rehabilitation, and the Department of Development, Division of Economic Development, will be in effect from October 1, 1995 to September 30, 1996.

Judy R. Norman-Nunnery, Ph.D.
Administrator, DVR

Date



William J. McCoshen
Secretary, DOD

11/1/95
Date

**A MEMORANDUM OF AGREEMENT
FOR BUSINESS DEVELOPMENT PROGRAMS
FOR SEVERELY-DISABLED CLIENTS**

BETWEEN THE

**DEPARTMENT OF HEALTH & SOCIAL SERVICES
DIVISION OF VOCATIONAL REHABILITATION**

AND THE

**DEPARTMENT OF DEVELOPMENT
DIVISION OF ECONOMIC DEVELOPMENT**

**DVR-DOD MEMORANDUM OF AGREEMENT FOR
BUSINESS DEVELOPMENT PROGRAMS FOR SEVERELY-DISABLED CLIENTS**

TABLE OF CONTENTS

<u>SUBJECT</u>	<u>PAGE</u>
Signatures	i
Executive Summary	1
Contract	3
Background	3
Problem Statement/Issues	3
Program Partnership	3
Program Design	4
Material Development	5
Statewide Training	7
Program Procedures	7
Auditing Requirements	10
Financial Requirements	10
Program Annual Budget	Attachment 1
Program Timeline and Outcomes (Annual)	Attachment 2

**DVR-DOD MEMORANDUM OF AGREEMENT FOR
BUSINESS DEVELOPMENT PROGRAMS FOR SEVERELY-DISABLED CLIENTS**

EXECUTIVE SUMMARY:

In 1993 we developed a partnership with the Department of Development (DOD) to achieve improvements in providing business development services for clients of the Division of Vocational Rehabilitation (DVR). This partnership came out of an issue paper developed by the Office of Policy and Budget (OPB) within the Department of Health and Social Services (DHSS).

It was also the result of a 1991 DVR survey of all identifiable, non-Home-Base Enterprises (HBE) and self-employed closures for a four-year period. That survey indicated DVR clients received few small business loans, had inadequate, up-front technical assistance to develop small business plans, and were assisted by DVR counselors with little experience in small business development.

The intent of the partnership between DVR and DOD is to provide DVR clients with:

- Greater access and use of small business loans;
- Adequate, up front technical assistance in the development of small business plans; and
- Guidance by experts in the small business development process.

The purpose of this inter-agency agreement is to strengthen initial placements and long-term successes of individuals with disabilities who are rehabilitated through self-employment and small business plans. It combines the business expertise of DOD with the resources and experience of DVR in working with people with disabilities.

As was the first contract with DOD, this Business Development Program partnership continues to be targeted to DVR clients with severe disabilities. However, we continue to look at its potential of evolving into a single point of contact for all DVR referrals state-wide related to business development.

Tools developed and used in the Business Development Program staff include a program handbook, a videotape targeted at entrepreneurs with disabilities, a quarterly newsletter, and a set of business development forms for client evaluations and the business planning process.

The program includes the following procedures:

- 1) Initial interviews and client assessment

- 2) Client evaluation process
- 3) Business planning process
- 4) Financial packaging, start-up, and follow-along technical assistance

Through the rigorous business planning process, and with the assistance of the assigned consultants and the Business Development Program staff, DVR clients will develop the skills and insight necessary to form effective ventures.

The estimate for this contract is that each year, up to 66 Business Development Request evaluations will be conducted; 20-40 venture development grants will be issued; and 18-26 business plans and financial packages will be completed. The Business Development Program Consultant will maintain a caseload of approximately 20-30 DVR clients. These estimates are based upon eight years of experience with the Business Development Initiative (BDI) program.

Federal Title I-B (basic rehabilitation services) funds are made available to Wisconsin under the Rehabilitation Act on a match basis of 21.3% state funding to 78.7% federal. Under the agreement, DOD provides 21.3% in contributed match and DVR provides the remainder in federal funds.

**DVR-DOD MEMORANDUM OF AGREEMENT FOR
BUSINESS DEVELOPMENT PROGRAMS FOR SEVERELY-DISABLED CLIENTS**

CONTRACT

BACKGROUND:

For many Americans, self-employment and other business establishment are desirable career options. DVR served 40,301 people in FFY 1991, of whom 5,059 achieved rehabilitation outcomes. Of these 5,059, 230 became self-employed as rehabilitation outcomes. Of that number, 200 were from the HBE program, and 30 were from the general rehabilitation program. (Many of the HBE closures produce craft items for sale, and do not typically produce enough for a self-supporting income.)

In 1991 DVR surveyed all identifiable, non-HBE self-employed closures for a four-year period to identify areas where the general program is doing well, and areas where improvement is needed. The findings included:

- 1) Few self-employment closures;
- 2) Of these closures, few accessed technical assistance or small business loans; and
- 3) Seldom use of available small business resources, such as the Small Business Development Centers.

PROBLEM STATEMENT/ISSUES:

There is a need to continue to strengthen the self-employment and small business rehabilitation options for DVR clients for initial placements and long-term success rates as measured by increased wages, decreased lost wages over time, and cost-benefit. DVR is addressed some of these issues through an in-house work group during this last contract. The work group revised DVR's policies and procedures for developing small business plans.

PROGRAM PARTNERSHIP:

The DOD's current program of economic development for people with disabilities has a preference for developing small businesses which will employ 5 or more persons, rather than strictly self-employment situations.

Major services of the program initiative include:

- Review and assessment of a client's entrepreneurial potential

- Technical assistance and training in developing a business plan
- Professional review and critique of business plans
- Funding for essential start-up services and other expenses
- Expert follow-along

DOD will continue to work to establish a firm working relationship with DVR district staff as an on-going source of small business expertise and a ready partner in entrepreneurship for people with disabilities.

The DOD will continue to provide a program supervisor to function as a management liaison with DVR. The DVR will provide a similar staff person to liaison with DOD.

Clients choosing small business establishment as a rehabilitation goal may expect to benefit from this agreement through expert assistance in business planning and other technical aspects of start-up, as well as increased access to capital. At least one study shows a 90% success rate five years after start-up for businesses which are provided technical assistance and up-front business planning.

There are no FTE or other operations' expenditures for DVR, since DOD will deliver the services. Also, DVR will need no new GPR. Instead, existing DOD GPR will be contributed to provide Title I-B match.

Both DOD and DVR annually prepare a budget showing the amounts that each agency have set aside for the program. For the period October 1, 1995 to September 30, 1996, the budget can be found in attachment 1.

PROGRAM DESIGN:

STAFFING AND JOB DESCRIPTIONS

DOD Business Development Program Supervisor:

Provide liaison and reporting activities. Ensure contract compliance between DOD and DVR. Train and supervise the Business Development Program Consultant and program assistant. Develop program materials. Provide state-wide training to DVR staff. Manage on-going operations of the Business Development Program.

DOD Business Development Program Consultant:

Manage day-to-day operations of the Business Development Program. Work with the DOD program supervisor to develop the materials and training program for DVR counselors and

district supervisors. Serve as the single point of contact for all DVR counselors and clients interested in business development. Coordinate and ensure a quality business development request evaluations. Coordinate and ensure the development of a quality business plan for DVR clients who have a positive business development request evaluation. Provide consultation in the identification and packaging of the financial resources necessary to effectively capitalize the proposed business venture for all DVR clients who produce a viable business plan. Administer the federal and state venture development and financing grants to eligible DVR clients. Identify and coordinate the appropriate business consulting services of the Wisconsin Small Business Development Centers and other at-large business consultants state-wide. Select consultant(s) for DVR clients based on an assessment process conducted during the business development request evaluation.

DOD program assistant:

Process and administer the \$117,000 in venture development and financing grant contracts; and coordinate the contract approval process with DVR clients, DVR counselors, and the business development program consultant.

Business Development Program - program assistant:

Coordinate all Business Development Program business development request evaluations for DVR counselors. Ensure that all evaluations are completed and submitted to DVR counselors and clients in a timely manner. Format and type the evaluations based on a business consultant's input. Establish a case file and schedule meetings between the business development program consultant, DVR clients, and DVR counselors (if appropriate); and publish a quarterly Business Development Program newsletter based on input from the Business Development Program consultant and other business development professionals.

MATERIAL DEVELOPMENT

Business Development Program Handbook -- Maintain policies and procedures for the Business Development Program. The Handbook is kept in each DVR district office to be accessed by all DVR counselors and staff. These policies and procedures were approved by DVR and DOD management before dissemination. The Handbook also provides guidelines for determining the appropriateness of self-employment for individual DVR clients, includes the Business Development Request, the Guidelines for Assignment of Scores to Business Development Request, and the Business Development Plan format.

Also included are other published materials which provide insight into the dynamics of entrepreneurship, information on economic development, and on financial resources available to DVR clients. The Handbook was distributed in conjunction with the training seminar provided to appropriate DVR staff.

BDI videotape targeting entrepreneurs with a disability -- BDI provides a visual presentation and demonstrative example of the role of DOD in assisting people with disabilities in developing business ventures. It explains the process used, as well as the commitment and dedication needed, to successfully develop a business venture. The videotape is available to all counselors to use with potential business development DVR clients and was distributed at the training seminars held in DVR district offices.

Business Development Program DVR quarterly newsletter -- DOD distributes this newsletter throughout the DVR and to DVR clients involved in the Business Development Program. It also distributes them to disability advocacy groups and other BDI clients statewide. It features specific projects and DVR clients, provides technical information on how to more effectively plan and develop business ventures, and includes articles which attempt to profile the attributes that most effectively characterize a successful entrepreneur.

Form DVR-175, Business Development Request (BDR) -- DVR counselors provide this form to interested DVR clients. A completed form serves as a tool for the counselor and client to mutually determine whether to pursue the self-employment option. It is scored by the DVR counselor using Form DVR 176, Guidelines for the Assignment of Scores in the Business Development Proposal. The counselor and/or client determines if it demonstrates some promise for a successful outcome, it is then submitted to the Business Development Consultant for an evaluation. These forms were distributed in conjunction with the statewide training seminars.

DOD Evaluation of Guidelines for the Assignment of Scores for the Business Development Proposal -- DOD provides its evaluation of the completed form to DVR counselors. The evaluations are processed and submitted to the DVR counselor in a timely manner. The format for the evaluation is included in the Business Development Program handbook.

Business Development Plan (BDP) The Business Development Plan is a detailed description of the nature of the business to be established. The format is utilized by the DVR client with DOD Business Development Consultants paid through venture development grants. The Sources and Uses statement articulates the proposed involvement of the venture development financing grants and DVR in the capitalization of the business venture. The Sources and

Uses statement provides a process to identify potential funding sources and the amount of capital needed. The Business Development Plan is in the Business Development Program handbook.

STATEWIDE TRAINING

During this last year DOD conducted one-day training seminars on the Business Development Program a local/regional basis. All DVR counselors and staff had the opportunity to attend this seminar. The Business Development Consultant reviewed the videotape, distributed the handbook, reviewed the approved policies and procedures, program eligibility, and guidelines at these training seminars.

At District Office meetings DVR reviewed Form DVR-175, Business Development Request, DVR Form 176, Assignment of Scores to Business Development Request, and the Business Development Plan format with DVR staff. DVR also had detailed discussions on the roles of the DVR client, DVR counselor, and the Business Development Consultants. There were also detailed discussions of the appropriate and inappropriate roles of DVR in capitalizing the business ventures.

Although a few referrals were made before the training indicated above, virtually all the DVR counselors attended the training before referring DVR clients to the Business Development Program. Additional training seminars will be conducted as needed. New DVR staff district office orientation may also include this training.

PROGRAM PROCEDURES:

- A. **Approval process** - Approval of policies, procedures and program materials are by DVR and DOD management.
- B. **Statewide training seminars on the Business Development Program** - Seminars are held in all district offices for interested and appropriate DVR counselors and staff. Program materials and forms are distributed during these seminars.
- C. **Initial interviews and client assessment** - The counselor meets with a DVR client who expresses an interest in business development as a vocational outcome. The counselor conducts an initial assessment to determine that the business is a viable option for this client. If so, the counselor reviews the Business Development Request (BDR) against the Assignment of Scores to Business Development Request and sets a date to review the results with the client. The Business Development Program Consultant is involved when the DVR counselor or client requests a second opinion on the BDR.

D. Client evaluation process -

- 1) The DVR counselor and client meet to review the Assignment of Scores to Business Development Request. If the form is considered incomplete and/or the counselor does not feel the project shows promise, the counselor may request additional information or clarification, discuss and decide on other vocational options available to the client, or ask for a second opinion from the Business Development Program Consultant. If both the client and counselor feel the form is complete and the project shows promise, the BDR is sent to the DOD Business Development Program Consultant for evaluation.
- 2) DOD Program Assistant schedules a meeting by telephone or personal interview with the counselor and/or client and the Business Development Program Consultant. Once the evaluation is completed, the DOD program assistant processes the evaluation to the DVR counselor in a timely manner.
- 3) When the evaluation is negative, the DVR client has the opportunity to resubmit the Business Development Request after addressing the issues raised in the evaluation. The Business Development Program staff will then re-evaluate the project.
- 4) When the evaluation is positive, the DVR client is assigned a Business Development Program case file. The Business Development Program Consultant conducts an assessment with the DVR client. The assessment includes the client's strengths, weaknesses, opportunities, and threats (SWOT). A business planning project plan and budget are also completed.

E. Business planning process -

- 1) Project plan and budget: The SWOT analysis and project plan and budget identify how the venture development grant will be utilized to hire business consultants in the business planning process. The project plan and budget also identify the specific steps in the business planning process, who will be involved in each step of the process, and a timeline for the project. These documents are sent to the DVR counselor for inclusion in the client's file.
- 2) Grant determinations is based on DOD Chapter 17, Wisconsin Administrative Code.

- 3) Venture development grant contract(s): Venture development grant contracts are established between specific DVR clients and DOD. Business consultants submit a competitive proposal to DVR clients. Business consultants are selected based on the specific needs of the DVR client and the most cost-effective proposed services.

The business consultant commits a specific number of hours of direct consultation in addition to the venture development grant. The direct consultation hours (approximately 20-50) will be used to assist the DVR client with the development of a business plan, which ensures that the assigned business consultant provides a quality service and the DVR client develops a quality business plan.

- 4) Business plan development: The business planning process helps the DVR client to develop the skills and insight necessary to develop an effective business venture. The business plan is developed in three stages: the first stage is the marketing plan and sales forecasts; the second is the operational plan; and the third stage is the financial projections, including pro-forma income statements, pro-forma balance sheets, pro-forma cash flow statements, and a sources and uses statement. The business consultant will work with the DVR client and DVR counselor to ensure the business plan is implemented in developing the business venture.

DVR clients is given on-going work assignments related to the business planning process. DVR clients who are non-performing on the work assignments, or whose personal circumstances preclude them from further developing their projects, are notified in writing of their project termination. The balance of the resources committed to this project are re-assigned.

- F. **Financial packaging, start-up and follow-along technical assistance** - The business consultant works with the DVR client, DVR counselor and other sources of financing (including a business development financing grant and local banks) to put together a financial package. The business consultant also works with the DVR client to start-up and expand the business. Follow-along technical assistance is provided as needed to ensure the on-going viability of the business venture. Case closure criteria is established by the DVR counselor, client and the consultant, and is reflected in the business plan. The case closure criteria are monitored by the DVR counselor and Business Development Program staff.

AUDITING REQUIREMENTS

1. The provider shall inform the Division as to the type of audit required (if any) by OMB Circular A-128.
2. The provider shall submit to the Division a certified audit report within 180 days of completion of any audit of this program or funds, unless waived by the Division. The audit shall be conducted and reports submitted in accordance with applicable state and federal regulations and guidelines and professional standards, including but not limited to: OMB circular A-128; Section 46.036 of the Wisconsin Statutes; and Generally Accepted Auditing Standards.

Send the report to the Department of Health and Social Services, Office of Program Review and Audit, 1 W. Wilson Street, Room 672, Madison, WI 53707-7850.

FINANCIAL REQUIREMENTS**A. Accounting requirements**

1. For this agreement of twenty-five thousand dollars (\$25,000) or more, the provider shall maintain a full modified accrual accounting system and a financial management information system in accordance with Generally Accepted Accounting Principles.
2. The provider's chart of accounts and accounting system shall permit timely preparation of expenditure reports required by the Division.
3. The provider shall reconcile costs reported to the Division for reimbursement or as match to expenses recorded in the provider's accounting or simplified bookkeeping system, on an ongoing and periodic basis. The provider agrees that reconciliations will be completed at least quarterly and will be documented. The provider shall retain the reconciliation documentation in accordance with the records retention requirement.

B. Payment for services

1. The DOD shall bill at the end of each month for the specific services provided under program design and program procedures aforementioned in this contract.
2. The DOD shall bill at the end of each month for all services performed during that month, submitting an invoice detailing the services provided under #1 above

in the same categories as established in the budget (see attachment 1). It shall submit, also, with each invoice a listing of clients it shows as still being active (DVR 83 form.)

3. The DOD shall bill for administrative costs (all items in the budget except for #4a and b) only at actual expenditure levels. These costs do not have to be against specific clients and must be billed on a DVR 84 form.
4. The DOD may only bill for clients who are authorized by DVR as evidenced by a duly-executed, signed, no-cost DVR-78 (Authorization for Services) which is in its possession. When awarding a grant to a client, the DOD shall notify DVR of the award and the amount so as to ensure billing against the appropriate federal fiscal year.
5. Either party will immediately notify the other party when a particular client is no longer active. The client will, then, be removed from the active list and shall no longer benefit from services provided under this contract.
6. Every September 30th, all DVR-78's will be canceled. The list of active clients will, then, be reviewed. Any client who is to remain active will have a new DVR-78 authorized by the district office.
7. The DOD shall submit its monthly invoice, list of active clients, and copies of grant awards to clients to Mike Grenie, Financial Specialist, at the Division of Vocational Rehabilitation, 1 W. Wilson St., Room 850, Madison WI 53702. A listing of clients no longer active and all correspondence regarding invoices shall, also, be sent to him. A copy of the list of clients (DVR-83) must be sent to each office showing active clients.
8. The DVR reserves the right to withhold payments for services for noncompliance with the terms of the contract by notifying DOD in writing of its noncompliance. Payments will be released when DOD complies with the requirements of the contract. If DOD does not comply with the contract terms, DVR will terminate the contract.
9. The DVR will not make payments for new costs in excess of the annual program cost or incurred outside the annual grant period.

10. Expenses incurred during grant period but reported later than 90 days following the end of the grant period will not be recognized, allowed, or reimbursed under the terms of this grant.

C. Extension

1. The DVR may consider an increase in the annual project cost for the renewal year.
2. Either party will provide notice to the other party of its intention to continue the services and funding of this contract prior to July 1 of the year in which stated contract is set to expire.

D. Funding of this contract

Any funds used to match the Division's federal grant dollars may not be either other federal funds or funds used to match and, therefore, capture other grant dollars.

E. Termination

Either party to this contract may terminate same by giving written notice to the other party at least thirty (30) days prior to the effective date of such termination.

ATTACHMENT 1

DVR-DOD MEMORANDUM OF AGREEMENT FOR
BUSINESS DEVELOPMENT PROGRAMS FOR SEVERELY-DISABLED CLIENTS

PROGRAM BUDGET 10/01/95 - 09/30/96) (FFY 96)

<u>ITEM</u> <u>#</u>	<u>ITEM</u>	<u>DOD GPR</u> <u>MATCH</u>	<u>FEDERAL</u> <u>I-B</u>	<u>TOTAL</u>
1.	DOD PERSONNEL COSTS			
	SALARY:	\$18,200	\$55,500	\$73,700
	FRINGE:	6,100	18,500	24,600
.	Supplies and Services	5,200	33,350	38,550
3a.	DOD venture development grant and equity financing	25,000		25,000
3b.	Business Development venture development and financing grants		92,000	92,000
4a.	DOD indirect (34.06% of salaries and fringes)	8,300		8,300
4b.	Business development indirect		32,700	32,700
				0
		-----	-----	-----
TOTAL:		\$62,800	\$232,050	\$294,850

ATTACHMENT 2

DVR-DOD MEMORANDUM OF AGREEMENT FOR BUSINESS DEVELOPMENT PROGRAMS FOR SEVERELY-DISABLED CLIENTS

PROGRAM TIMELINE AND OUTCOMES OCTOBER 1, 1995 - SEPTEMBER 30, 1996

TIMELINE

OUTCOMES

- | | |
|------------------------|--|
| October-December, 1996 | <ul style="list-style-type: none">◆ Complete approximately 5-10 business plans reviews.◆ Conduct approximately 20-25 business development request evaluations.◆ Develop approximately 6-10 project plan and budgets.◆ Complete 3-5 financial packages.◆ Publish 1 quarterly Enterprise in Action newsletter.◆ Finalize sponsorships, policies and format of Statewide Directory.◆ Maintain a caseload of approximately 20-30 DVR clients.◆ Revise Self Employment Handbook◆ Retrain/train appropriate counselors in 5 DVR offices. |
| January-March, 1996 | <ul style="list-style-type: none">◆ Complete approximately 5-10 business plans reviews.◆ Conduct approximately 20-25 business development request evaluations.◆ Develop approximately 6-10 project plan and budgets.◆ Complete 3-5 financial packages.◆ Publish 1 quarterly Enterprise in Action newsletter.◆ Secure names of participants, advertisers for Statewide Directory.◆ Maintain a caseload of approximately 20-30 DVR clients.◆ Retrain/train appropriate counselors in 5 DVR offices. |
| April-June, 1996 | <ul style="list-style-type: none">◆ Complete approximately 5-10 business plans reviews.◆ Conduct approximately 20-25 business development request evaluations.◆ Develop approximately 6-10 project plan and budgets.◆ Complete 3-5 financial packages.◆ Secure names of participants, advertisers, for Statewide Directory. |

- ◆ Maintain a caseload of approximately 20-30 DVR clients.
- ◆ Retrain/train appropriate counselors in 5 DVR offices.

July-September, 1996

- ◆ Complete approximately 5-10 business plans reviews.
- ◆ Conduct approximately 20-25 business development request evaluations.
- ◆ Develop approximately 6-10 project plan and budgets.
- ◆ Complete 3-5 financial packages.
- ◆ Publish 1 quarterly Enterprise in Action newsletter
- ◆ Publish Statewide Directory.
- ◆ Maintain a caseload of approximately 20-30 DVR clients.
- ◆ Complete Business Development Program annual report and submit to DVR
- ◆ Review the annual report and provide program design change recommendations, submit appropriate recommendations for revision in inter-agency agreement.
- ◆ Retrain/train appropriate counselors in 6 DVR offices.